

State of California
Department of Insurance
45 Fremont Street
San Francisco, California 94105

**NOTICE OF PROPOSED EMERGENCY RE-ADOPTION
PURSUANT TO CALIFORNIA INSURANCE CODE SECTION 12921.7**

(Credit Insurance Agent Licensing Regulations)

File No. ER01013135

April 16, 2003

NOTICE

Insurance Commissioner John Garamendi (the Commissioner) hereby provides notice pursuant to California Insurance Code §12921.7 that he will submit the re-adoption of Title 10, Chapter 5, Subchapter 1, Article 9, §2192.1 through §2192.13 of the California Code of Regulations (Cal. Code Regs., tit. 10, §§2192.1 – 2192.13) to the Office of Administrative Law for approval pursuant to California Government Code Section 11346.1(h).

The first set of emergency regulations (Title 10 CCR §21921.1 - §2192.13) which implement California Insurance Code Sections 1758.9 through 1758.994 was approved by the Office of Administrative Law (OAL) on September 17, 2001. These emergency regulations were re-adopted and approved by OAL on January 31, 2002, and were again re-adopted and approved on June 6, 2002. The regulations were repealed by operation of law on October 2, 2002.

This Notice includes a description of the problem the regulations are intended to resolve, an explanation of the justification for the re-adoption of the emergency regulations and a copy of the text of the emergency regulations in effect.

The Notice has been provided to every person, group, and association who has previously filed a request for notice of all regulatory actions with the Commissioner, as well as to every person, group, and association having filed a request to receive only notices of regulations specifically involving Agents, Brokers, Adjusters, and Administrators. Copies of the Notice, and the text of the regulations, are available at the Department of Insurance, 45 Fremont Street, 21st Floor, San Francisco, California 94105, as well as on the Department's Regulations web page, at <http://www.insurance.ca.gov/docs/FS-Legal.htm>.

The re-adoption will be submitted to the Office of Administrative Law not less than five (5) working days after the mailing of the Notice. Questions and/or comments regarding this rulemaking action should be directed to:

Kathleen Eddy, Staff Counsel, Office of Administrative Law, 300 Capitol Mall,
Suite 1250, Sacramento, CA 95814; or
George Teekell, Staff Counsel, Department of Insurance, 45 Fremont, 21st Floor,
San Francisco, CA 94105.

Description of Problem and Necessity for Regulations

California Insurance Code sections 1758.9 through 1758.994 (Assembly Bill 393, 1999; Chapter 321, Statutes of 2000), which became effective January 1, 2002, establish a new regulatory scheme for licensing and regulating credit insurance agents. Under the new scheme, no person shall sell or solicit any form of credit insurance in this state, and receive a commission for doing so, unless that person is licensed as an insurance agent or broker, or is licensed as a credit insurance agent under this article. The new law provides definitions, and establishes license application, training, management, disclosure and other requirements. Section 8 of AB 393 requires the Commissioner to adopt a regulation on an emergency basis to implement the credit insurance agent law. The regulation hereby noticed fulfills that legislative mandate by implementing, interpreting, and making specific the provisions of the law.

Justification for Re-Adoption of Emergency Regulations

The regulation is necessary to implement, interpret, and make specific the provisions of California Insurance Code sections 1758.9 through 1758.994, and to comply with section 8 of Assembly Bill 393 of 1999 (Chapter 321, Statutes of 2000), which mandates that the regulation be adopted on an emergency basis. The time elapsing since the effective date of the most recent emergency regulations has not been sufficient for the Department to complete the permanent rulemaking process. Further, internal staffing adjustments and organizational changes have impeded progress on this project.

Text of the Proposed Regulations to be Re-Adopted

The text of the regulations is attached to this Notice. These are the same regulations that went into effect on September 17, 2001.